

Message Text

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53

ACTION EUR-12

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NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15 EB-07

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FM AMEMBASSY BERN

TO SECSTATE WASHDC PRIORITY 947

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E.O. 11652: N/A

TAGS: PFOR, MASS, ATDR, SZ

SUBJECT: SALE TO SWITZERLAND OF F-5E AIRCRAFT

REF: STATE 143262

1. SUMMARY. FOLLOWING SIGNATURE OF MEMORANDUM OF UNDERSTANDING BY FEDERAL COUNCILOR RUDOLF GNAEGI JULY 9, FEDERAL MILITARY DEPARTMENT ISSUED PRESS RELEASE ENTITLED QTE SIGNATURE OF THE AGREEMENT BETWEEN SWITZERLAND AND THE UNITED STATES OF AMERICA CONCERNING COMPENSATORY PPURCHASES UNQUOTE. END SUMMARY.

2. TEXT IN INFORMAL TRANSLATION FROM THE FRENCH VERSION FOLLOWS:

QTE FEDERAL COUNCILOR R. GNAEGI, CHIEF OF THE MILITARY DEPARTMENT, AND MR. JAMES R. SCHLESINGER, MINISTER OF DEFENSE OF THE UNITED STATES OF AMERICA, HAVE SIGNED THE AMERICAN-SWISS AGREEMENT ON COMPENSATORY PURCHASES IN THE EVENT THAT THE SWISS CONFEDERATION SHOULD PROCEED WITH THE ACQUISITION OF THE COMBAT AIRCRAFT TIGER F-5E. THE AGREEMENT, COVERING A PERIOD OF EIGHT YEARS, PROVIDES THAT THE PURCHASE COST OF THE AIRPLANES WILL BE COMPENSATED BY ORDERS TO SWISS INDUSTRY TO THE MAXIMUM EXTENT POSSIBLE, AND AT A MINIMUM IN AN AMOUNT EQUAL TO 30 PER CENT OF THE COST. TO ACHIEVE THIS RESULT THE AMERICAN GOVERNMENT HAS STATED

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THAT IT IS PREPARED TO WAIVE CUSTOMS DUTIES ON IMPORTS

EFFECTED UNDER THIS AGREEMENT AND TO GRANT, WITHIN THE LIMITS OF THE LAW, EXCEPTIONS TO THE RESTRICTIONS PROVIDING FOR THE PROTECTION OF AMERICAN PRODUCTS ("BUY NATIONAL"). IT WILL BE LEFT TO INTERESTED ENTERPRISES TO CONCLUDE SPECIFIC BUSINESS ARRANGEMENTS; THE PRINCIPLE OF COMPETITIVENESS IS APPLICABLE IN THIS REGARD. ORDERS WILL BE PLACED FOR THE MOST PART BY THE FIRMS NORTHROP AND GENERAL ELECTRIC, WHICH ARE THE PRINCIPAL PARTNERS IN THE CONSTRUCTION OF THE TIGER AIRCRAFT. ORDERS MAY ALSO EMANATE FROM THE AMERICAN DEPARTMENT OF DEFENSE. COMPENSATORY ORDERS WILL NOT BE LIMITED EXCLUSIVELY TO THE UNITED STATES OF AMERICA, BUT MAY ALSO COME FROM THIRD COUNTRIES (POURRONT AUSSI ETRE OPERES PAR LE CANAL D'ETATS TIERS).

THE FEDERAL MILITARY DEPARTMENT AND THE AMERICAN DEPARTMENT OF DEFENSE WILL DESIGNATE PROJECT DIRECTORS WHO WILL BE RESPONSIBLE FOR MONITORING ACHIEVEMENT OF THE DESIRED COMPENSATION. THE TWO CONTRACTING PARTIES WILL DECIDE TOGETHER WHETHER A PARTICULAR BUSINESS ARRANGEMENT SHOULD BE CONSIDERED A RESULT OF THE AGREEMENT. PARTICIPATING ENTERPRISES WILL MAINTAIN PRECISE RECORDS IN THIS RESPECT. PROGRESS UNDER THIS AGREEMENT WILL BE REVIEWED EVERY TWO YEARS BY REPRESENTATIVES OF THE GOVERNMENTS AND INDUSTRIES OF THE TWO NATIONS. UNQUOTE.

3. SWISS PRESS HAS WIDELY REPORTED SIGNATURE OF THE MOU ALONG THE LINES OF MILITARY DEPARTMENT'S RELEASE, EMPHASIZING DUTY FREE ENTRY ASPECTS OF OFFSET. THE NEU ZURCHER ZEITUNG FOLLOWS ITS REPORT WITH AN ARTICLE ENTITLED QTE A CHANCE FOR EMMEN UNQTE WHICH DISCUSSES THE CONSEQUENCES OF THE AGREEMENT FOR THE FEDERAL AIRCRAFT FACTORY AT EMMEN. THE DECISION TO PERFORM FINAL ASSEMBLY ON 53 OF THE 72 AIRCRAFT AT EMMEN (THE OTHERS TO BE BOUGHT OFF THE SHELF IN THE USA), SAYS THE PAPER, WILL PERMIT RETENTION OF 110 POSITIONS AT EMMEN FOR FOUR AND A HALF YEARS, AND THEREBY HELP TO PREVENT CLOSURE OF THE FACILITY. COVERAGE IN OTHER PAPERS IS ALSO STRAIGHTFORWARD AND LARGELY WITHOUT COMMENTS.

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4. COPY OF ORIGINAL MILITARY DEPARTMENT RELEASE
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Message Attributes

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Decaption Date: 01 JAN 1960
Decaption Note:
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Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
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